



SBC Wisconsin  
722 N. Broadway  
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Milwaukee, WI 53202

August 28, 2003

Mr. Gary Evenson  
Administrator, Telecommunications Division  
Public Service Commission of Wisconsin  
P.O. Box 7854  
610 N. Whitney Way  
Madison, WI 53707-7854

**Re: Administration of the Mechanics of Price Regulation      Docket 6720-TI-184**  
**Pertaining to Wisconsin Bell, Inc., d/b/a/ SBC Wisconsin,**  
**on the September 1, 2003 Anniversary**

Dear Mr. Evenson:

The annual filing requirements for a price-regulated telecommunications utility are defined in Section 196.196 of the Wisconsin Statutes and Chapter PSC 163 of the Wisconsin Administrative Code. SBC Wisconsin elected price regulation on September 1, 1994. In accordance with the annual financial results summary filing requirement specified in Chapter PSC 163.06(2), the annual Earnings Monitoring Report was filed with the Public Service Commission of Wisconsin on April 1, 2003. SBC Wisconsin filed the 2003 Construction Plan with the Commission on March 28, 2003 as required by Wisconsin Statute 196.196 (5c).

SBC Wisconsin hereby submits the attached summaries and annual operating results as required of price regulated telecommunications utilities on their anniversary date. These documents constitute the ninth price cap filing of SBC Wisconsin. This filing consists of the following:

- Section A - Price-Regulated Revenue Summary (with attachments)
- Section B - Quality of Service Summary (with attachments)
- Section C - Infrastructure Investment Summary (with attachment)
- Section D - Evidence for Discretionary Incentive or Penalty
- Section E - Penalty/Incentive Summary Score Card (with attachment)

In conjunction with this price cap filing, SBC Wisconsin is making a separate filing for Commission consideration of a waiver request regarding 2002 service quality performance for the speed of repair and installation interval measures. Based up the exceptional service quality and infrastructure results and the discretionary accomplishments achieved in 2002, SBC Wisconsin is respectfully requesting the Commission to once again consider assigning a discretionary incentive.

Additional questions pertaining to the information contained in the ninth annual price cap filing may be referred to me at (414) 270-5933.

Respectfully submitted,

A handwritten signature in black ink that reads "Scott Jansen".

Scott Jansen  
SBC Wisconsin  
Director – Regulatory Finance

## **Section A: Price Regulated Revenue Summary**

The price-regulated revenue information for SBC Wisconsin reported in **Attachment A** covers the period from July 2002 through June 2003. Consistent with Section 196.01 (1g) and 196.196 (1)(a)(1) of the Wisconsin Statutes, the access line, local usage and non-recurring installation revenues for primary residence lines and small business lines for customers with no more than 3 access lines are included in the revenue summary. Although SBC Wisconsin does not agree with the staff determination to include alternative local service rate structure revenues (i.e. Local Saver Packs and access lines included in bundled service offerings) in the price-regulated revenue summary, these revenues were identified and included in Attachment A as requested by staff.

In response to competition in the local telecommunications marketplace, SBC Wisconsin continued to offer residential and small business customers new product bundles and discounted package pricing in 2002-2003. The historical price-regulated service operating and financial results provided in the various revenue summary attachments support the conclusion that consumers in the SBC Wisconsin service territories are clearly presented with a full array of technologies (e.g. landline, wireless, cable telephony, etc.), service providers (e.g. incumbent, wireless, CLECs, IXCs, cable companies, etc.) and rate structures for local telecommunications services. The benefit to the Wisconsin consumers has been more choices in terms of product offerings and rate plans. The impact to SBC Wisconsin has been a dramatic decrease in retail access lines and a corresponding reduction in price-regulated service revenues.

The price-regulated access line counts from 1999 through 2003 shown in **Attachment A-1** illustrate the dramatic decreases in the primary residence and small business retail markets over the past 4 years. As customers continue to migrate to landline competitors or substitute wireless products for landline phone service, SBC Wisconsin's retail access line counts continue to decrease. The primary residence average monthly access line count has dropped nearly 13% since 1999, while the small business average monthly access line count has dropped nearly 27% over the same time period. Customers are clearly taking advantage of competitive offerings in the SBC Wisconsin service territories.

The corresponding decrease in SBC Wisconsin's price-regulated service revenues shown in **Attachment A-2** is further evidence of retail competitive losses. The 2001-2002 price regulated revenues (\$230.7M) increased over the prior 2 years revenues as a result of the staff decision to include non-recurring installation revenues in the price-regulated revenue summary. In addition, Local Saver Pack revenue and revenue from access lines included in bundled service offerings were included in the 2001-2002 revenues. Yet these same price-regulated services generated \$197.4M in operating revenue during 2002-2003, a decrease of \$33.3M or 14.4%. It is clear that many consumers in the SBC Wisconsin service territories continue to migrate to alternative service providers for local telecommunication services.

At the same time, consumers who have remained with SBC Wisconsin have benefited from reduced rates, alternative rate structures and bundled service offerings. Many residential customers have opted for Local Saver Packs, an alternative rate structure to message rated local usage service, over the past year as illustrated in **Attachment A-3**. Local Saver Pack revenues have nearly tripled in the past year while message rated local usage revenues have decreased by 61% over the same period. Residential customers who chose message rated local usage service also benefited from further rate reductions. As shown in **Attachment A-4**, residential customers who purchased an access line and 160 local messages in 1994 paid \$13.90 for these services. A customer purchasing these same services in 2003 paid \$13.07, a 5.97% nominal savings over the 1994 rates.

Likewise, small business customers have benefited from competition in the SBC Wisconsin service territories. As stated above, small business access line counts and related revenues have decreased dramatically since 1999. While the average monthly access line count has decreased by nearly 27% since 1999, the corresponding revenue from small business price-

regulated services has decreased by 29.4% as illustrated in **Attachment A-5**. Small business customers also benefited from reduced access line rates in 2003 and from the introduction of "Custom Biz" optional calling packages for local usage services. Additional information regarding competition in SBC Wisconsin's small business marketplace is available in the competitive declaration petition filed as docket 6720-TI-173.

**Attachment A-6** identifies the various rate structures for price-regulated services offered by SBC Wisconsin since electing price regulation in 1994. Consumers have generally realized rate reductions for most services over the past nine years. At the same time, residential and small business customers have benefited from the introduction of optional local usage calling plans and the bundling of various telecommunication services, including wireless and DSL high speed internet services. Consumers of local telecommunication services have unmistakably benefited from SBC Wisconsin's optional calling plans, bundled service offerings and rate reductions as well as the products offered by local service competitors.

**Wisconsin Bell, Inc., d/b/a SBC WISCONSIN**  
**September 1, 2003 Annual Price Cap Filing for July 2002 - June 2003**  
**Docket 6720-TI-184**

**Price Regulated Revenue Summary**

**Primary Residence Revenue**

**(1) Primary Residence Access Lines:**

Primary Residence Access Lines not in Solutions Package (rate expired 1/31/03)  
 Primary Residence Access Lines not in a Solutions Package (as of 2/1/03)  
 Primary Residence Access Lines in Solutions Package (rate expired 1/31/03)  
 Primary Residence Access Lines in a Solutions Package (as of 2/1/03)  
**Total Primary Residence Access Lines**  
**Less UAC Access Lines Credit**  
**Net Primary Residence Access Line Revenue**

# Residential Access Lines	Current Line Rate (excluding TEACH)	Price Cap Revenue	Tariff Reference
5,710,673	\$6.07	\$34,663,785	4-2.4.2.5.a
3,670,201	\$6.67	\$24,480,241	4-2.4.2.5.a
1,595,916	\$6.07	\$9,687,210	4-2.4.2.5.a
1,330,648	\$6.67	\$8,875,422	4-2.4.2.5.a
12,307,438		<b>\$77,706,658</b>	
725,513	(\$2.33)	<b>(\$1,690,445)</b>	
		<b>\$76,016,213</b>	

**(2) Primary Residence Line Initial Installation Non-Recurring charges:**

**Total Primary Residence Initial Non-Recurring Charges**  
 NOTE (1): Part 3, Section 1.E.1 sets rates for residence central office line charge at \$30.00. Additional charges are applied for night and weekends. Actual billed charges included in revenue total.

# of Charged Items	Tariff Rate	Price Cap Revenue	Tariff Reference
320,299	See Note 1	\$9,589,003	Various

**(3) Primary Residence Message Rated Local Calls:**

1-60 Messages - rate eliminated 02/01/03  
 1-60 Messages - rate effective 02/01/03  
 61-150 Messages  
 151-300 Messages  
 301-400 Messages  
 401-1200 Messages  
 1200+ Messages - rate eliminated 02/01/03  
 1200+ Messages - rate effective 02/01/03  
**Total**

# Residential Local Calls	Tariff Rate	Price Cap Revenue	Tariff Reference
166,359,746	\$0.05	\$8,317,987	4-2.6
118,828,390	\$0.04	\$4,753,136	4-2.6
245,174,004	\$0.04	\$9,806,960	4-2.6
162,191,676	\$0.04	\$6,487,667	4-2.6
41,618,957	\$0.03	\$1,248,589	4-2.6
50,966,281	\$0.02	\$1,019,326	4-2.6
1,061,285	\$0.04	\$42,451	4-2.6
758,061	\$0.02	<b>\$15,161</b>	4-2.6
786,958,400		<b>\$31,691,257</b>	

**(4) Primary Residence Local Saver Pack Usage:**

**Total Local Saver Pack Revenues**

# Residential Local Calls	Tariff Rate	Price Cap Revenue	Tariff Reference
37,709,111	Various	\$50,277,697	Various

Wisconsin Bell includes certain revenues derived from residential packages in this filing under protest and at the direction of the Wisconsin Public Service Commission's Final Decision in Docket No. 6720-TI-174. Wisconsin Bell also includes certain revenues derived from business packages in this filing under protest and at the direction of the Wisconsin Public Service Commission Staff. Wisconsin Bell asserts that, as a matter of law, such revenues are not subject to price regulation, and Wisconsin Bell specifically reserves any and all rights and remedies it may have relating to this issue, including without limitation further challenges to the Final Decision in Docket No. 6720-TI-174 and to any unlawful decision that may arise from this docket.

Wisconsin Bell, Inc., d/b/a SBC WISCONSIN  
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## Price Regulated Revenue Summary

(5) Primary Residence Extended Community Calling Minutes:	# ECC MOU	Tariff Rate	Price Cap Revenue	Tariff #
Total Primary Residence ECC Revenue	111,928,435	Various	\$4,432,718.11	Various

Total Primary Residence Price Regulated Revenue	\$4,432,718.11
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Small Business Revenue

## (6) Small Business Access Lines \*\*

Business Access Lines not in packages (through 12/13/02)  
Business Access Lines not in packages (rate effective 12/14/02)  
Business Access Lines in Packages (through 12/13/02)  
Business Access Lines in Packages (rate effective 12/14/02)

Total Small Business Access Line Revenue

# Business Access Lines	Tariff Rate	Price Cap Revenue	Tariff Reference
408,254	\$15.00	\$6,123,810	4-2.10.A
430,075	\$14.65	\$6,300,599	4-2.10.A
8,160	\$15.00	\$122,400	4-2.10.A
31,940	\$14.65	\$467,921	4-2.10.A
878,429		\$13,014,730	

## (7) Small Business Line Initial Installation Non-Recurring charges:

Total Small Business Initial Non-recurring Charges

# of Charged Items	Tariff Rate	Price Cap Revenue	Tariff Reference
9,996	See Note 2	\$316,930	Various

NOTE (2): Part 3, Section 1.E.1 sets rates for central office line charge at \$20.65.  
Additional charges are applied for nights and weekends.

## (8) Small Business Service Local Message Packages and Local Messages

75 Business Local Message Package  
75 Business Local Messages ( Additional)  
Zero Business Local Message Package

Total Small Business Local Message Revenue

# Business Local Messages	Tariff Rate	Price Cap Revenue	Tariff Reference
507,539	\$6.00	\$3,045,234	4-2.11.B.a
65,042,144	\$0.08	\$5,203,372	4-2.11.B.a
32,835,696	\$0.09	\$2,955,213	4-2.11.B.a
98,385,379		\$11,203,818	

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Wisconsin Bell, Inc., d/b/a SBC WISCONSIN  
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Price Regulated Revenue Summary

(9) Small Business Optional Local Usage:  
Total Optional Local Usage Calling Plan Revenue

# Residential Local Calls	Tariff Rate	Price Cap Revenue	Tariff Reference
1,988,164	Various	\$698,906	Various

(10) Small Business Extended Community Calling  
Minutes

Total Small Business ECC Revenue

# ECC MOU	Tariff Rate	Price Cap Revenue	Tariff #
23,629,537	\$0.050	\$1,181,477	4-2.12

Total Small Business Price Regulated Revenue \$1,880,383

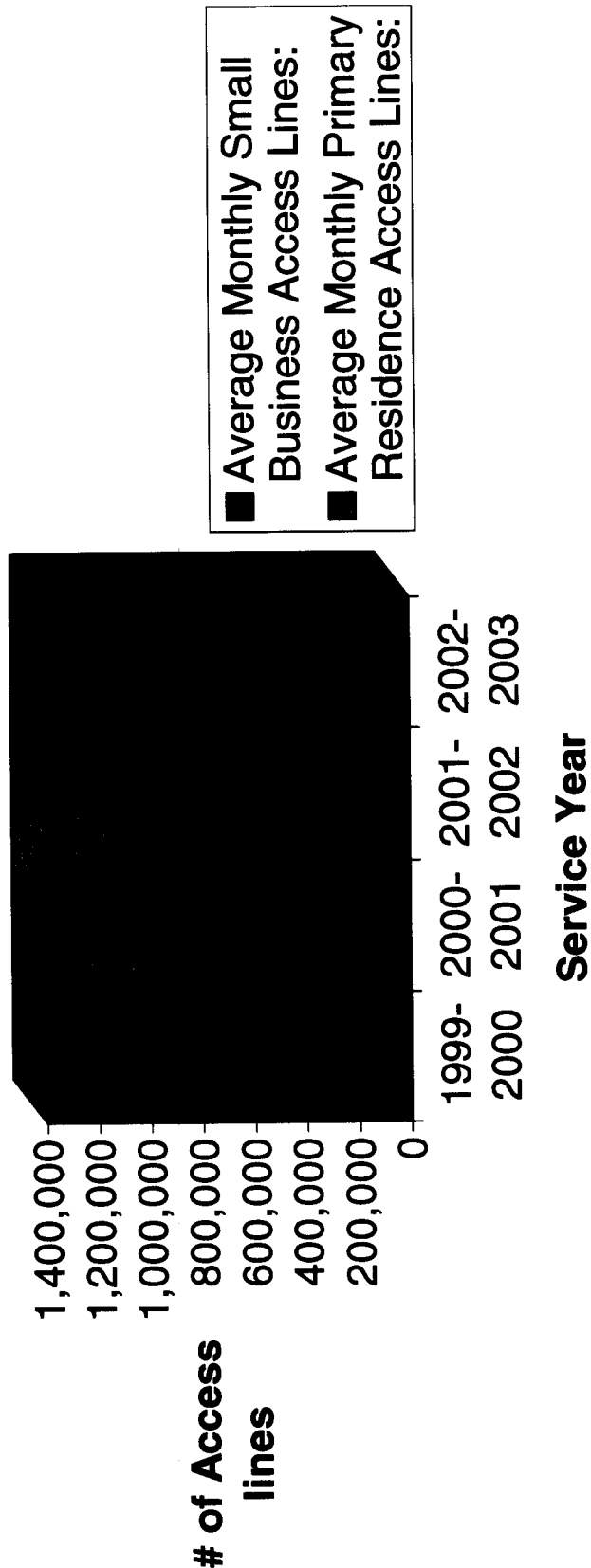
Grand Total Price Regulated Revenue \$1,880,383

\*\* Small Business customer means less than 4 access lines

Wisconsin Bell includes certain revenues derived from residential packages in this filing under protest and at the direction of the Wisconsin Public Service Commission's Final Decision in Docket No. 6720-TI-174. Wisconsin Bell also includes certain revenues derived from business packages in this filing under protest and at the direction of the Wisconsin Public Service Commission Staff. Wisconsin Bell asserts that, as a matter of law, such revenues are not subject to price regulation, and Wisconsin Bell specifically reserves any and all rights and remedies it may have relating to this issue, including without limitation further challenges to the Final Decision in Docket No. 6720-TI-174 and to any unlawful decision that may arise from this docket.

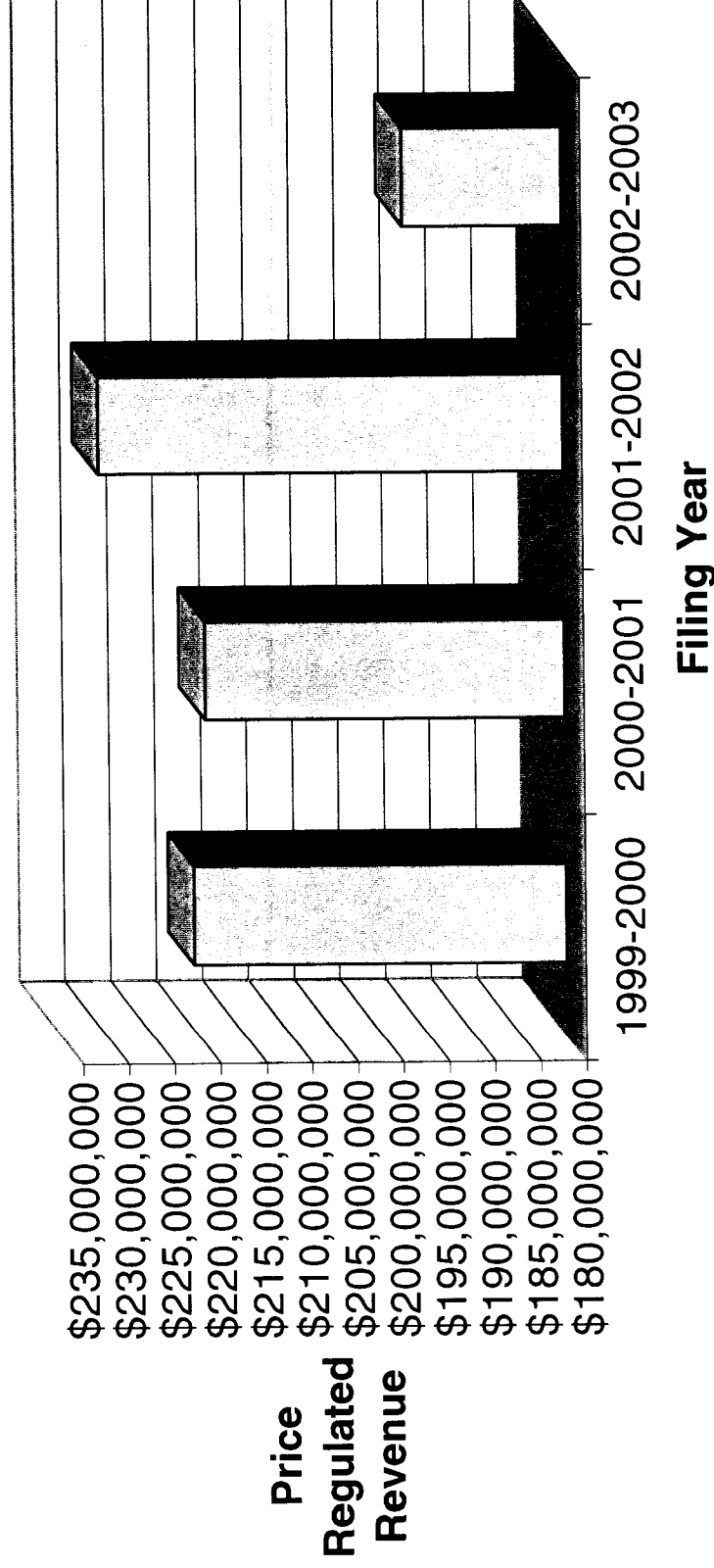
	1999-2000	2000-2001	2001-2002	2002-2003
Average Monthly Primary Residence Access Lines:	1,177,851	1,166,776	1,122,558	1,025,620
Average Monthly Small Business Access Lines:	99,957	99,789	86,323	73,202
Total Ave. Monthly Price-Regulated Access Lines	1,277,808	1,266,565	1,208,880	1,098,822

## Price-Regulated Access Lines



	1999-2000	2000-2001	2001-2002	2002-2003
Total Price-Regulated Revenue:	\$220,701,054	\$219,332,813	\$230,748,167	\$197,422,749

## Total Price-Regulated Revenue

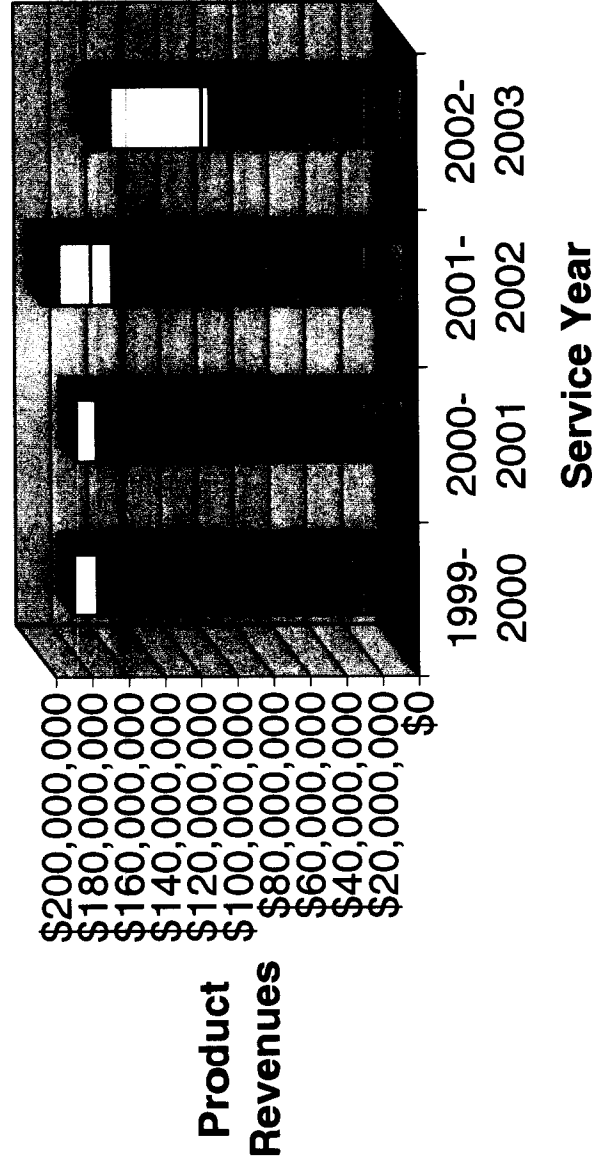


Footnote: The 2001-2002 and 2002-2003 price-regulated revenues include the non-recurring installation charge revenues, Local Saver Pack and optional local usage calling plan revenues, and access line revenues from packages.



	1999-2000	2000-2001	2001-2002	2002-2003
Access Line Revenue:	\$85,794,697	\$83,625,103	\$80,315,755	\$76,016,213
Message Rated Local Usage Revenue:	\$84,703,270	\$87,022,367	\$81,460,427	\$31,691,257
Extended Community Calling Revenue:	\$12,739,120	\$11,220,055	\$11,607,423	\$4,432,718
Local Saver Pack Usage Revenue:	NA	NA	\$17,478,112	\$50,277,697
Non-Recurring Line Installation Revenue:	NA	NA	\$8,534,690	\$8,589,003
Total Primary Residence Revenue:	\$183,237,087	\$181,867,525	\$199,396,407	\$171,006,888

## Price-Regulated Primary Residence Revenue



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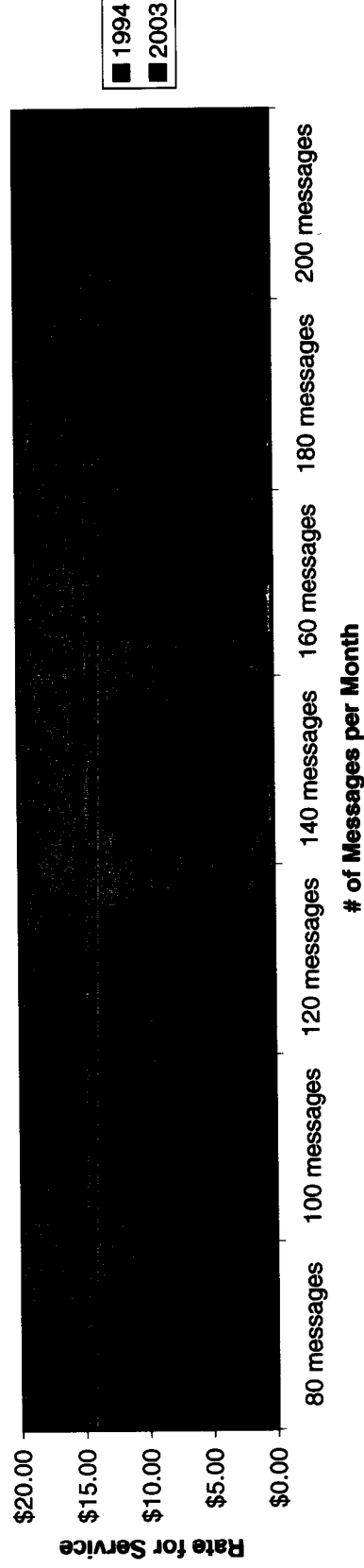
**Attachment A-4**

Service	1994 Rate Structure	1994 Access Line plus Message Rate	2003 Rate Structure	2003 Access Line plus Message Rate	2003 % Savings
Access Line	\$5.40		\$6.67		
80 messages	\$4.60	\$10.00	\$3.20	\$9.87	1.30%
100 messages	\$5.60	\$11.00	\$4.00	\$10.67	3.00%
120 messages	\$6.60	\$12.00	\$4.80	\$11.47	4.42%
140 messages	\$7.60	\$13.00	\$5.60	\$12.27	5.62%
160 messages	\$8.50	\$13.90	\$6.40	\$13.07	5.97%
180 messages	\$9.30	\$14.70	\$7.20	\$13.87	5.65%
200 messages	\$10.10	\$15.50	\$8.00	\$14.67	5.35%

Note (1): Refer to Attachment A-6 for individual rates for each year. The 1994 rates were frozen for 3 years as required by Wisconsin Statute 196.196 (1)(c), i.e. the 1996 rates in Attachment A-6 were the 1994 rates for each price-regulated service.

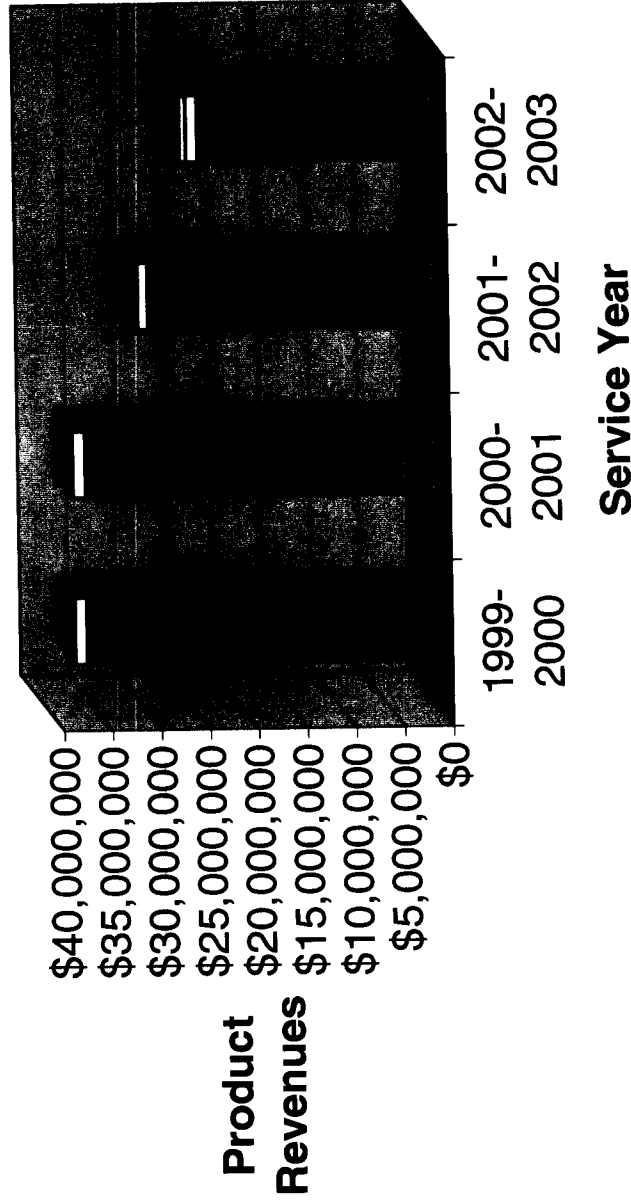
Note (2): Access line rates were reduced from \$6.00 to \$5.40 (10% reduction) as required for telecommunications utilities electing price regulation. Customer savings would therefore be greater if the \$6.00 access line rate were used in the comparison.

**Historical Residence Access Line and Message Rate**



	1999-2000	2000-2001	2001-2002	2002-2003
Access Line Revenue:	\$17,812,293	\$17,782,340	\$15,538,110	\$13,014,730
Message Rated Local Usage Revenue:	\$18,425,186	\$18,425,186	\$14,021,268	\$11,203,818
Extended Community Calling Revenue:	\$1,226,488	\$1,257,762	\$1,039,330	\$1,181,477
Optional Local Usage Calling Plan Revenue:	NA	NA	NA	\$698,906
Non-Recurring Line Installation:	NA	NA	\$753,052	\$316,930
Total Small Business Revenue:	\$37,463,967	\$37,465,288	\$31,351,760	\$26,415,861

## Price-Regulated Small Business Revenue



- ☒ Non-Recurring Line Installation:
- ☐ Optional Local Usage Calling Plan Revenue:
- ☐ Extended Community Calling Revenue:
- ☒ Message Rated Local Usage Revenue:
- ☒ Access Line Revenue:

[illegible]

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**Attachment A-6**

**General Notes:**

Wisconsin Bell, Inc., (d/b/a/ SBC Wisconsin) elected price regulation under § 196.196(1), Stats., effective on 9/1/94. Per § 196.196(1), Stats., during the first three years after a utility's initial price-regulated rates take effect, the only service specified by § 196.196(1)(c), Stats., for which prices may be increased is basic Message Telecommunications Service (MTS). For the 1995 and 1996 filings, the only service for which price increases were applicable was basic MTS. In July 1995, Ameritech Wisconsin petitioned the PSC to suspend application of § 196.196(1), Stats., with respect to basic MTS on the basis that effective competition existed in the relevant market. In December 1996, the PSC ordered that basic MTS be removed from price regulation restrictions (Docket 6720-TI-113).

**Specific Notes:**

- (1) MTS rates reduced by .06 percent (\$74,820).
- (2) No change in MTS rates ordered since net result of price cap formula was a de minimis MTS revenue reduction of less than \$50,000.
- (3) No rate reduction ordered.
- (4) Rate reduction of 1.02 percent ordered in 1998 decision (\$2,475,060).
- (5) Rate reduction of .77 percent ordered in 1998 decision (\$1,730,699).
- (6) Rate reduction of .78 percent ordered in 2000 decision (\$1,721,468).
- (7) Rate reduction of .02 percent ordered in 2001 decision (\$43,600).
- (8) Rate reduction of 1.22 percent ordered in 2002 decision (\$2,815,127)

## **Section B: Quality of Service Summary**

SBC Wisconsin's service quality for 2002, as measured by the Commission's standards, improved in every key service category when compared to the 2001 company operating results. When compared to the Industry-Wide standards, SBC Wisconsin's service quality results surpassed the standard in six out of seven categories. Service quality results for 2002 in the areas of "Trouble Reports per 100 Access Lines", "Average Time Out of Service", "Average Employee Answer Time for Repair Calls and "Average Answer Time for Business Office Calls" were the best in SBC Wisconsin's price-regulated history. The 2002 consolidated service quality performance was the best in SBC Wisconsin's price-regulated history.

SBC Wisconsin's service quality performance results reported in **Attachment B** cover the period from January 2002 through December 2002. The company results conform to the service quality categories established in Chapter PSC 163.04(2) (c) (a-g) of the Wisconsin Administrative Code and the service quality industry-wide and 3-year company benchmarks established in dockets 05-TI-629 and 6720-TI-171. SBC Wisconsin has assumed that all service quality measures are equally important and that the total service quality penalty (1.6%) should therefore be applied equally to each of the service quality components. Furthermore, the penalties included in Attachment B assume the Commission will grant the 2002 service quality waiver requests submitted by SBC Wisconsin.

SBC Wisconsin's "Average Time Interval for Installation" as shown in **Attachment B-1** was the best installation service result since 1997. The 2002 result (2.2 days) also exceeded the industry-wide standard of 2.27 days.

The 2002 result for "Trouble Reports per 100 Access Lines" was the best in SBC Wisconsin's price-regulation history as illustrated in **Attachment B-2**. The 2002 result (12.43%) exceeded both the industry-wide standard (20%) and the best 3-year average performance metric (13.97). Another company best was established in the "Average time Out of Service" category in 2002. As shown in **Attachment B-3**, the 2002 result (12.77 hours) exceeded all previous results of SBC Wisconsin during price-regulation. The 2002 result also exceeded the industry-wide standard (14.05) and the best 3-year average performance mark.

Both "Speed of Answer" service metric results (repair and business office) for 2002 exceeded all previous company results as shown in **Attachment B-4**. Each of these results exceeded the industry-wide standards and the best 3-year average performance criteria established for speed of answer for SBC Wisconsin.

The performance result for "Average Rate of Customer Trouble Reports by Exchange" is provided in **Attachment B-5**. Once again, SBC Wisconsin exceeded the objective of no exchange with more than 5 troubles per 100 lines for at least 3 months.

Wisconsin Bell, Inc., d/b/a SBC Wisconsin  
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QUALITY OF SERVICE COMPONENTS

Item	Component	2002 Actual	Industry-Wide Standard	3-Year Average Performance	Performance Range Maximum	Price Cap Index Penalty 2002 Estimated
1	Average Time Interval for Installation (Days) See waiver request *	2.2 1.8/98.02%	2.27	1.2	1.32	0.0000%
2	Trouble Reports per 100 Access Lines Exchanges with more than 5 troubles per 100 lines for at least 3 months	12.43 0	20 0	13.97	15.37	0.0000%
3	Average Time Out of Service (hours) Months with 95 or more percent of routine out-of-service troubles cleared within 24 hours for at least 10 months	12.77 10*	14.05 >=10	14.13	15.54	0.0000%
4	Percent Repeat Trouble Reports	25.99%	14.86%	12.48%	13.73%	-0.2286%
5	Average Employee Answer Time for Repair Calls (seconds)	5.9	20	13.94	15.34	0.0000%
6	Average Answer Time for Business Office Calls (seconds)	49.13	60	93.7	103.07	0.0000%
7	Final Trunk Group Blockage Results % of calls free from "all trunks busy" condition in 3 or more consecutive months	0% 0%	0.208%	0%	0%	0.0000%
Total Price Cap Index Penalty %						-0.2286%

Assumptions -

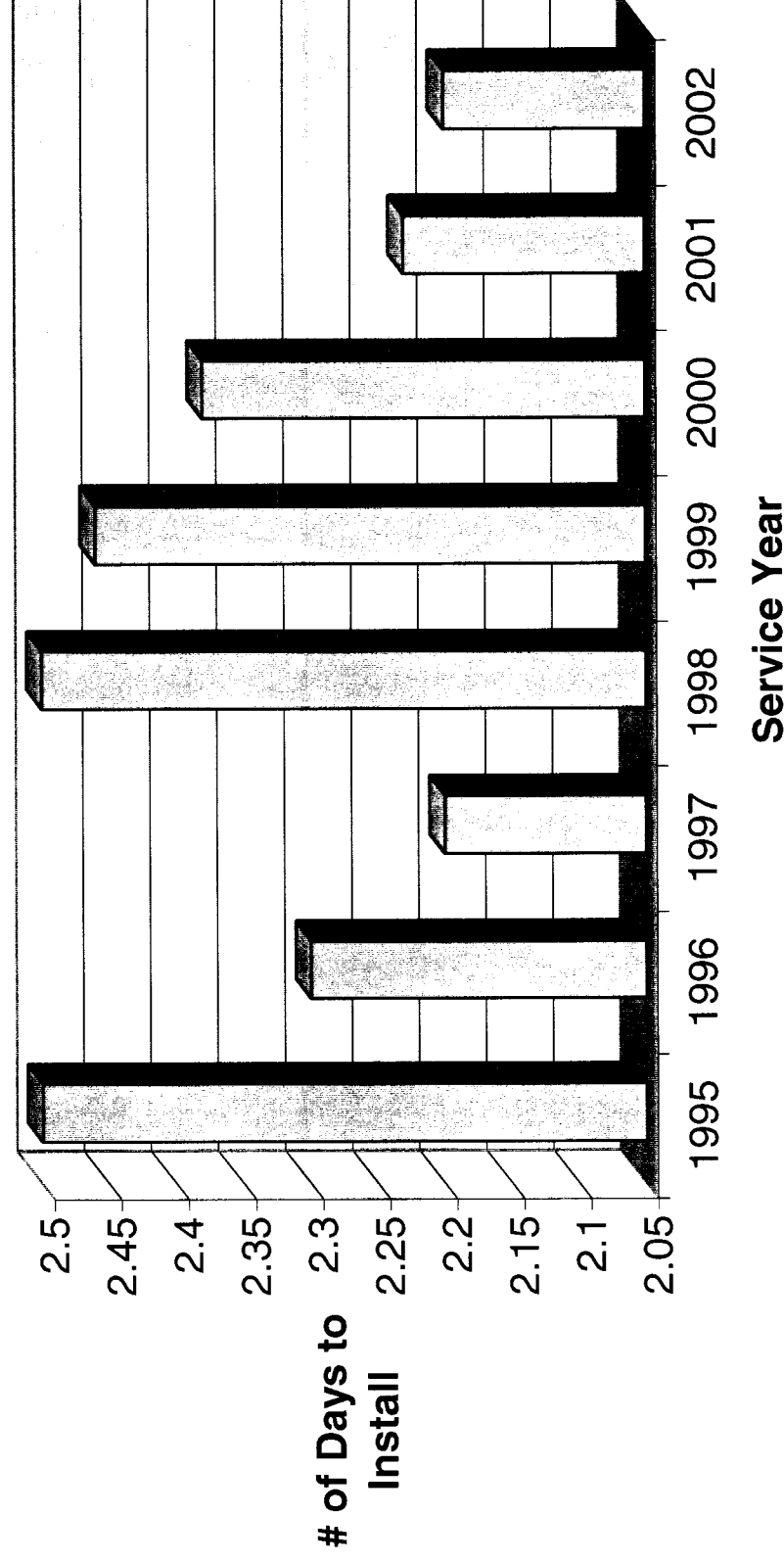
- 1 This sheet reflects the actual data comprised from ARMSIS and various Network regulatory reports through the end of December 2002. Actual measures for components 1-4 are gathered from ARMSIS reports at EOY.
- 2 Quality of Service Components - Penalty % = 1.60%. Full penalty is distributed equally over 7 components as (0.2286%) per component; half penalty is distributed equally over 7 components as (0.1134%) per component.
- 3 This sheet reflects the Industry-Wide Standard as identified by the PSCW in Docket 05-TI-348, Industry-Wide Standards for Price Regulated Telecommunications Utilities, Appendix B. The standards were not adjusted for 2002 performance per 05-TI-629 but reiterated in Appendix B.
- 4 This sheet reflects the Company 3-Year Average and Performance Range Maximum as identified by the PSCW in Docket 6720-TI-171 Appendix F - Company Specific Service Quality Benchmarks. The standards were not adjusted for 2002 performance per 05-TI-629 but reiterated in Appendix B.

Notes -

- Item 1 The 2002 results reflect comparison to commission standards established in docket 05-TI-629 and is based upon the assumption that the Commission will grant the waiver request for Average Time Interval for Installation. If the waiver is not granted, a half penalty may be assessed by the Commission.
- Item 3 The 2002 result of 10 months is based upon the assumption that the Commission will grant the waiver request for Average Time Out of Service. If the waiver is not granted, a half penalty may be assessed by the Commission.

	1995	1996	1997	1998	1999	2000	2001	2002
Average Time Interval for Installation (days)	2.5	2.3	2.2	2.5	2.46	2.38	2.23	2.2

**Average Time Interval for Installation (days)**



Footnote: 2002 "Average Time Interval for Installation" result is the best result since 1997 and exceeded the industry-wide standard of 2.27 days.

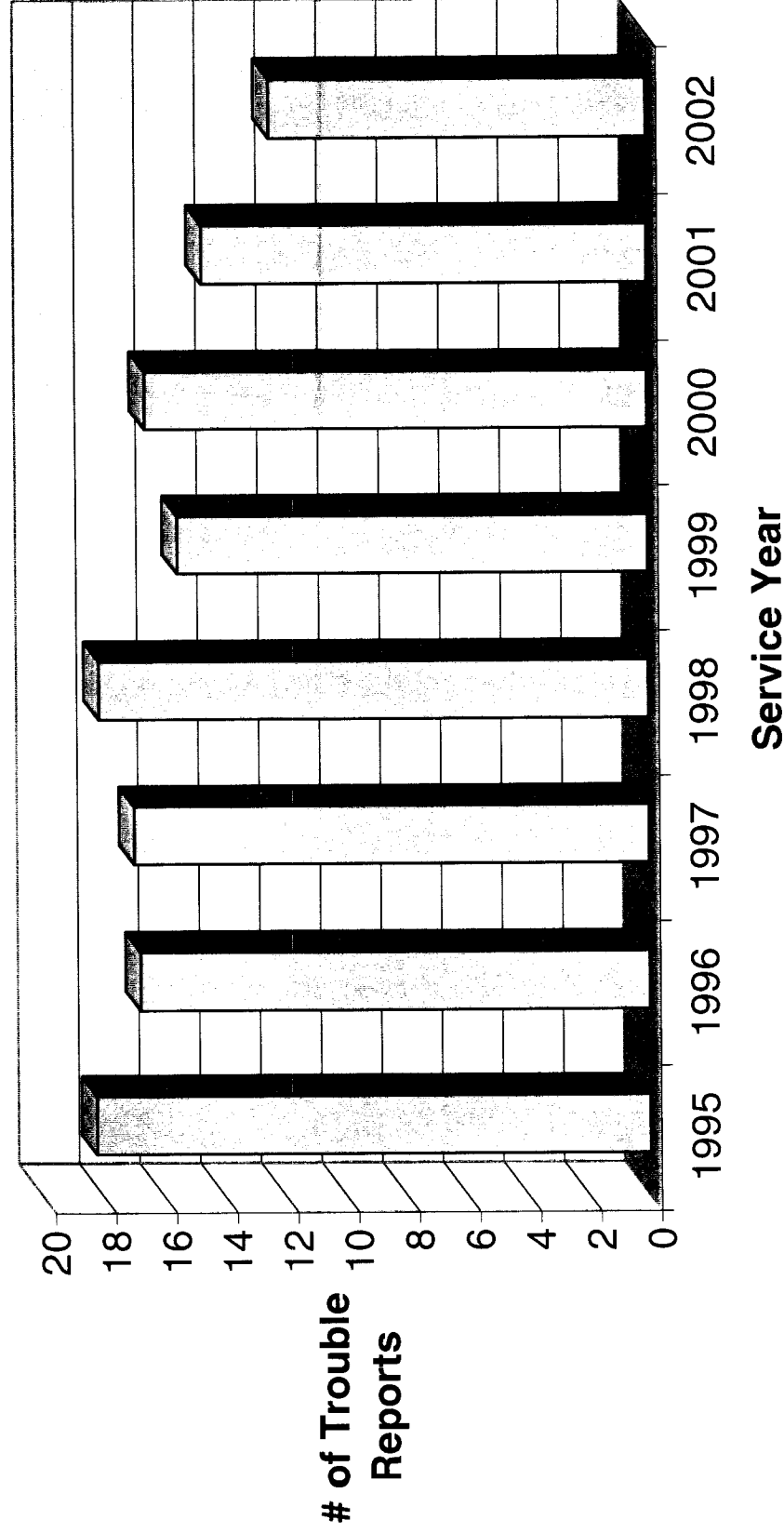


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**Attachment B-2**

	1995	1996	1997	1998	1999	2000	2001	2002
Trouble Reports per 100 Access Lines	18.27	16.8	16.98	18.13	15.52	16.56	14.66	12.43

**Trouble Reports per 100 Access Lines**



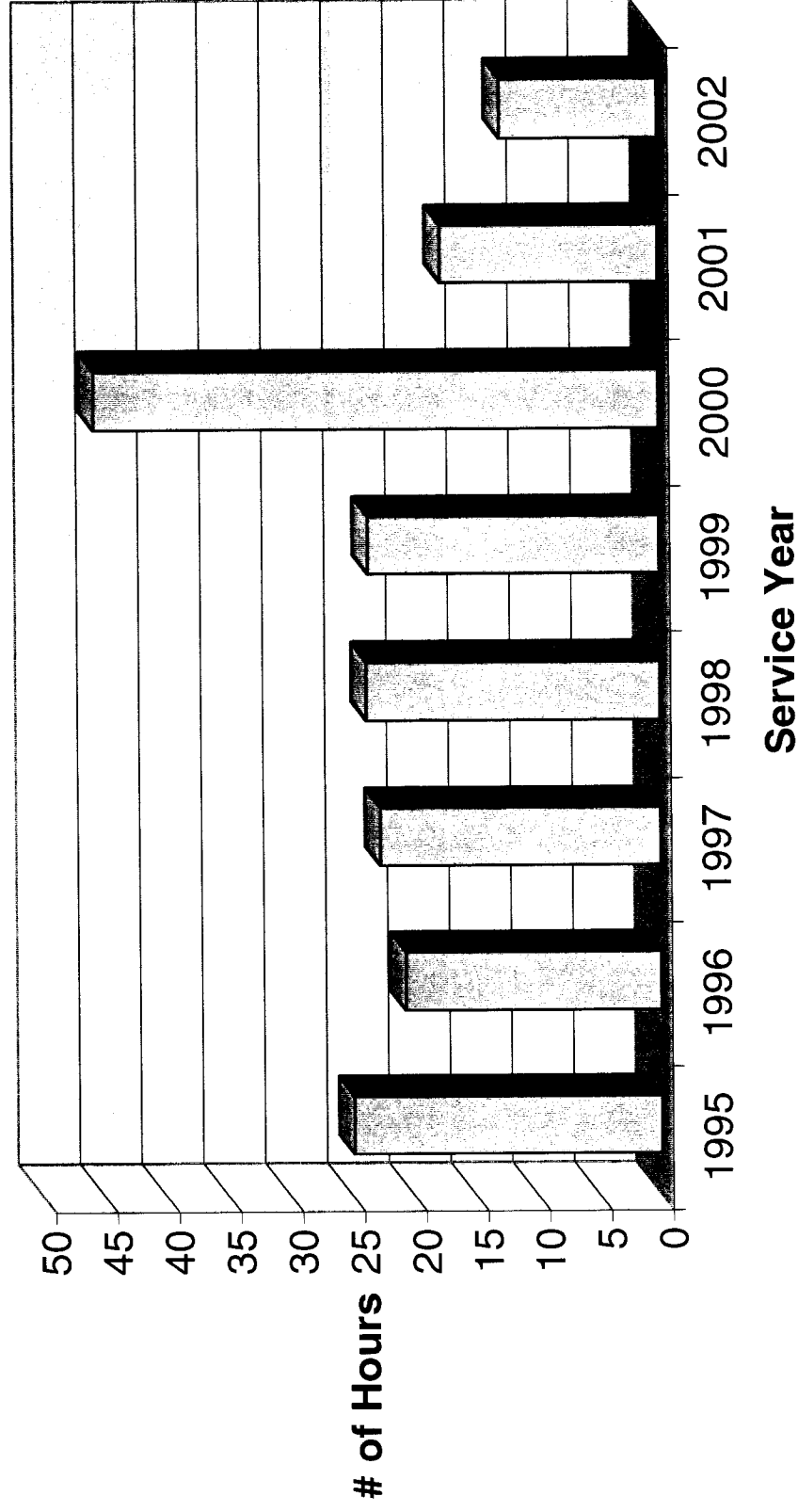
Footnote: 2002 "Trouble Reports per 100 Access Lines" result was best in SBC Wisconsin's price-regulation history and exceeded the industry-wide standard of 20 troubles per 100 lines.

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**Attachment B-3**

	1995	1996	1997	1998	1999	2000	2001	2002
Average Time Out of Service (hours)	24.93	20.7	22.7	23.78	23.62	45.71	17.63	12.77

**Average Time Out of Service (hours)**



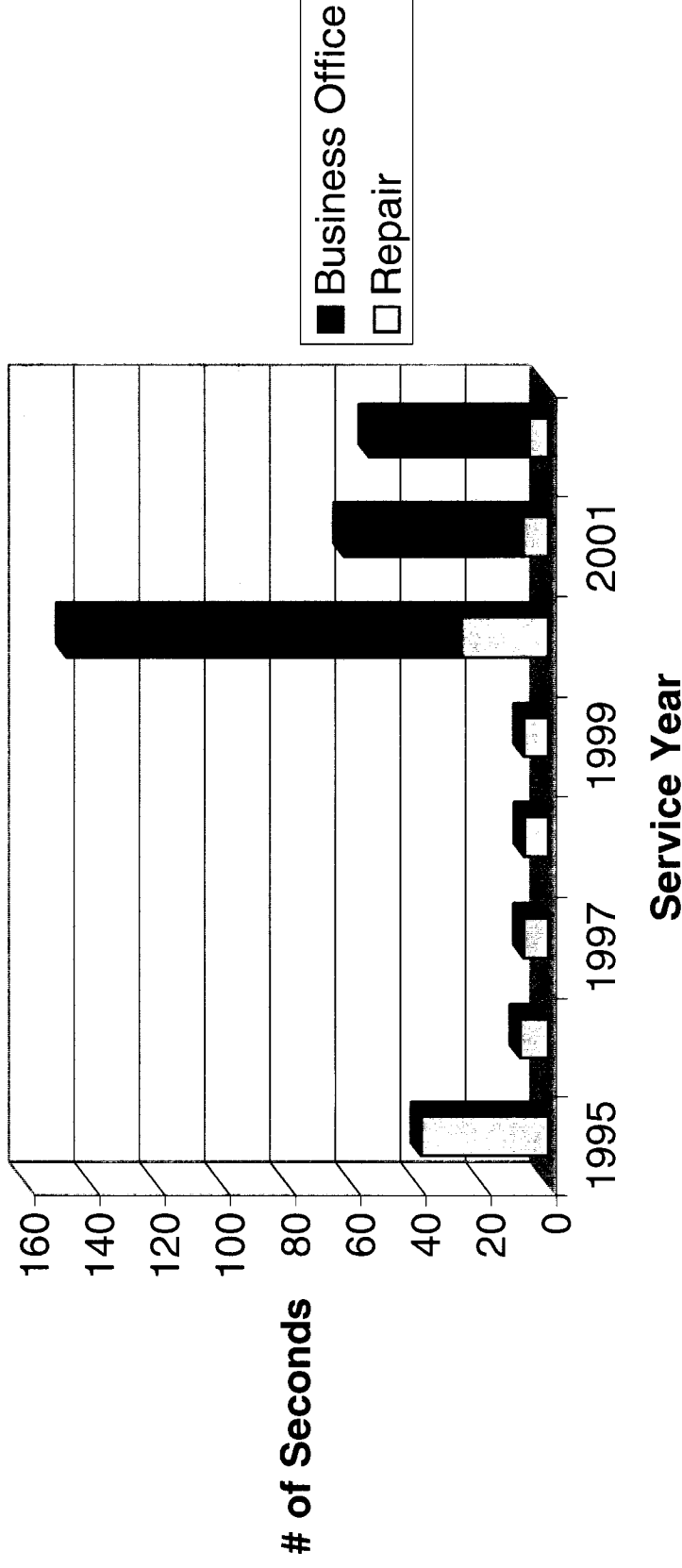
Footnote: 2002 "Average Time Out of Service" result was best in SBC Wisconsin's price-regulation history and exceeded the industry-wide standard of 14.05 hours.

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**Attachment B-4**

	1995	1996	1997	1998	1999	2000	2001	2002
Repair	39.08	8.67	7.51	7.4	7.6	26.83	7.8	5.9
Business Office	NA	NA	NA	NA	NA	120.85	54.93	49.13

**Average Answer Time in Seconds**



Footnote: 2002 "Speed of Answer" results for repair and business office represent the best results in SBC Wisconsin's price-regulation history and exceeded industry-wide standards. The business office measure was implemented by the Commission in 2000.

### **Section C: Infrastructure Investment Summary**

The company's infrastructure investment performance results reported in **Attachment C** cover the period from January 2002 through December 2002. The Infrastructure Investment penalty and incentive targets were set by the Commission in Docket 6720-TI-171 (Appendix B) and required SBC Wisconsin to deploy at least 2 applications of new technologies, deploy at least 2 new interoffice fiber routes, install Titan X-connects at 3 sites, spend at least \$3.85M in capital service improvement projects (with at least \$1.7M in designated target areas), grow the percentage of loops with fiber and replacing or migrating to at least 4 new central office survivable systems. The Commission further identified specific target wire centers and new technologies for the applicable incentive targets.

Based upon the 2002 infrastructure investment results, SBC Wisconsin met the full incentive criteria for five of the six components. The actual percentage for the "Fiber in the Loop" objective fell short of the incentive benchmark. A complete disclosure of the Infrastructure Investment results has been furnished to staff with this filing.

SBC Wisconsin also invested almost \$205 million during 2002 into Wisconsin's telecommunications network and capitalized asset infrastructure. With the 2002 capital expenditures, SBC Wisconsin has invested over \$1.9 billion in the telecommunications network since January 1995.

**Wisconsin Bell, Inc., d/b/a SBC Wisconsin**  
**September 1, 2003 Annual Price Cap Filing**  
**Docket 6720-TI-184**

Attachment C

Infrastructure Investment Components				
Item	Component	2002 Actual	Benchmark Range <sup>1</sup>	Price Cap Index (Pro-rated) Penalty (-) Incentive (+)
1	New Technologies <sup>2</sup> Applications in Operation	Dense Wave Division Multiplexing OC192 SONET Ring 3 - DWDM Routes 1 - OC192 SONET	2 to 4  4 in total At least 1 outside Milw/Madison	+0.25%
2	Interoffice - New Routes <sup>3</sup>	3	3	+0.60%
3	Titan X-Connects	10 sites 1,120 SDF Ports	4 sites > 1000 additional ports	+0.25%
4	Service Improvement Capital <sup>4</sup> All Wire Centers Target Wire Centers	\$12.2M \$6.7M	> \$4.4M in total > \$1.7M target exch.	+0.20%
5	Fiber in the Loop	20.44%	24.8% to 25.8%	+0.00%
6	Central Office Survivability <sup>5</sup>	17 systems	8 systems	+0.25%
Total Price Cap Index Penalty (-) / Incentive (+)				+1.55%

- <sup>1</sup> In accordance with Docket 6720-TI-171 order (Appendix B) issued April 30, 2002.  
<sup>2</sup> For more details see footnotes 4, 5, and 6 in Docket 6720-TI-171 order (Appendix B) issued April 30, 2002.  
<sup>3</sup> For more details see footnote 7 in Docket 6720-TI-171 order (Appendix B) issued April 30, 2002.  
<sup>4</sup> For more details see footnote 8 in Docket 6720-TI-171 order (Appendix B) issued April 30, 2002.  
<sup>5</sup> For more details see footnote 9 in Docket 6720-TI-171 order (Appendix B) issued April 30, 2002.

08/28/03

## **Section D: Evidence for Discretionary Penalty or Incentive**

As stated in Chapter PSC 163.04(2) (f) (1) of the Wisconsin Administrative Code, the Commission may consider certain factors when evaluating any discretionary penalty or incentive adjustments to the productivity offset. The following summary identifies several key accomplishments of SBC Wisconsin during calendar year 2002 that Commission should consider in making a determination.

➤ **Promotion of consumer choice, impact on quality of life, promotion of universal service, economic development, efficiency and productivity, and telecommunications in geographical areas with diverse income or racial populations as stated in Wisconsin Statute 196.03(6):**

- Provided 9-1-1 demonstrations and brochures to local communities to improve consumer awareness; partnered with local Police and Fire departments at safety demonstrations; targeted Spanish and Hmong speaking communities with 9-1-1 brochures.
- Received the "Corporation of the Year" award from the Wisconsin Supplier Development Council (WSDC) in recognition of the best track record among Wisconsin corporations doing business with minority-owned vendors.
- Implemented the 2-1-1 community referral number service in Dane, Milwaukee, Racine and Waukesha counties. Feedback from the agencies utilizing the service has confirmed their ability to extend services in the communities they support.
- Residential and business bundled service packages were expanded to include DSL and wireless service through various SBC affiliates. Local toll and unlimited Extended Community Calling alternatives were also added to packages to give consumers more choices and pricing advantages.
- Approximately 51,000 residential customers received LifeLine assistance credits from SBC Wisconsin each month during 2002 to stay on the public switched network. Over 20,000 residential customers received a waiver of non-recurring charges through the LinkUp and Telephone Assistance Grant (TAG) programs from Ameritech Wisconsin during 2002 to return to the public switched network.

➤ **Customer Assistance Programs and New Service Offerings:**

- SBC Wisconsin offered free reconnection of local telephone service to military personnel serving in conjunction with Operation Enduring Freedom. In conjunction with the Veterans of Foreign Wars, SBC Wisconsin funded prepaid calling cards to connect service members and hospitalized veterans with families.
- Installed high-tech video conferencing system at the Madison Fire Department to enable communication with the City of Madison and nation-wide fire departments and safety experts. This installation was one of the first at a fire department in the United States.
- Introduced central office based products (Centrex) to allow businesses to take advantage of IP, DSL and Web-enabled services without expending funds on capital equipment.
- SBC Wisconsin partners with agencies such as Community Advocates and the Madison Community Action Coalition to offer the TELCAP and M/TAPP programs to provide debt counseling and/or funding assistance to low income customers. Under the M/TAPP program (Milwaukee Telephone Access Assistance Program), SBC Wisconsin forgives half of the consumer debt when the remainder is paid by the customer.

➤ **Customer Satisfaction:**

- **2002 PSCW Customer Complaint Improvements:** The PSCW 2002 Complaints Report notes that customer complaints were down 32 percent from the prior year and the lowest level since 1999. While SBC Wisconsin serves more than 1.9 million access lines in Wisconsin, the PSCW received 2,903 complaints in 2002 of which 2,033 were considered unjustified by the Commission. The remaining justified complaints (870) were a

significant reduction from the previous year's justified complaint total. The decrease in complaints was attributed to continued installation and repair service improvements realized in 2002, plus fewer related to the disconnection of customers.

- **2002 ARMIS Installation Commitments:** According to the ARMIS 43-05 Table II results, SBC Wisconsin led all ARMIS reporting Wisconsin ILECs except Rib Lake Telephone in meeting business and residence installation commitments with a 99.33% commitment rate.
- **2002 ARMIS Customer Satisfaction Survey:** According to the ARMIS 43-06 Table I survey results, SBC Wisconsin's performance improved in all three survey categories (installation, repair, and business office response).

FCC ARMIS 43-06 Table I - Per Cent Customers Dissatisfied				
		2001	2002	Change
Installations	Residential	14.1	9.1	-5.0
	Small Business	12.7	10.8	-1.9
	Large Business	16.4	10.6	-5.8
Repairs	Residential	17.8	11.9	-5.9
	Small Business	12.5	12.3	-0.2
	Large Business	18.5	7.8	-10.7
Business Office	Residential	15.9	13.2	-2.7
	Small Business	16.2	14.0	-2.2
	Large Business	16.2	8.1	-8.1

➤ **Service Quality Items not included in the Price Cap Formula:**

SBC Wisconsin exceeded three additional service quality measures established in PSC Chapter 165 of the Wisconsin Administrative Code that are not included in the price cap formula. Each of these results surpassed the 2001 results obtained by SBC Wisconsin:

<u>Admin Code Reference</u>	<u>Objective</u>	<u>Result</u>
165.083(3) – Operator assisted calls	2.7 seconds	1.49 seconds
165.083(4) – Directory assistance answer	6.3 seconds	4.39 seconds
165.084(1a) – Dial tone speed	98%	100%

➤ **Customer Education:**

- The following customer education messages were provided via bill messages and bill inserts during 2002:
  - ✓ Voice Mail Usage Charges announcement informing residential and business voice mail customers of the applicability of local calling rates (3 times during year)
  - ✓ Special Needs Center announcement informing all consumers of products and services to assist people with special needs (3 times during year)
  - ✓ Diggers Hotline reminder message to call before you dig
  - ✓ ISP information message reminding customers that calling their internet access number could result in additional usage or toll charges
  - ✓ 900-976 call blocking and pay-per-use blocking service announcement (2 times during year)

- ✓ Lifeline assistance service announcement informing all residential customers of low income assistance credits available to qualified customers (4 times per year)
- SBC Wisconsin also issued multiple “media alerts” throughout 2002 as a means of quickly inform the public of potential telecommunications issues and corrective actions. Examples of media alerts issued in 2002 were the “Bugbear” worm virus alert, the “Double-check your local access to ISP” alert, the “Ameritext” sales practice alert and the “Telemarketing Fraud” alert.

➤ **Infrastructure:**

- In addition to meeting or exceeding 5 of 6 Infrastructure Investment incentives for 2002, SBC Wisconsin invested over \$200 million during 2002 into the telecommunications network and capitalized asset infrastructure. Since January 1995, SBC Wisconsin has invested over \$1.9 billion in the telecommunications network in Wisconsin. While the 2002 amount was lower than 2001, it was still greater than the average annual commitment level of \$140 million under Act 496 which was in place for the period 1995-1999.
- Significant projects during 2002:
  - Installation of new access tandem switches in Appleton and Madison to provide increased capacity for carriers and CLECs.
  - Replaced the Little Chute remote switch with a higher capacity unit.
  - Upgrades to the umbilical interface at SONET OC 12 speeds for the Hartford and Little Chute remote.
  - Installation of 375 sheath miles of fiber optic cable including completion of fiber optic cable routes from Sevens Point to Chippewa Falls and Ellsworth to Eau Claire.
  - Placed 15 SONET OC192 interoffice links.
  - SBC Wisconsin worked with the State of Wisconsin Department of Electronic Government and Charter Cable to design and install a one-of-a-kind video gateway service that links the statewide Badger Net video network with three Cable Company provided networks so educators can share programming between schools on both networks.

➤ **Contributions and Community Involvement:** SBC Wisconsin and the SBC Foundation continued to invest in Wisconsin communities, charitable and civic organizations, causes and events throughout 2002. These investments supported education, health and social development, job training, economic development initiatives, the arts, and other causes throughout Wisconsin. The following list highlights key investments and contributions made in Wisconsin during 2002.

- **SBC Excelsior Program: \$616,540 in technology grants were given to the following Wisconsin organizations by the SBC Foundation in 2002:**
  - ✓ Boys & Girls Club of Green Bay – increase capabilities of computer labs
  - ✓ Business Council, Inc. – support Economic Development Technology Program
  - ✓ Business Education Consortium – technology upgrades to mechanize processes
  - ✓ Centro Hispano of Dane County – technology upgrades to computer lab
  - ✓ Children’s Outing Association – support Evening Adult Education/Computer Literacy
  - ✓ Esperanza Unida – support expansion of Customer Services training program
  - ✓ Experience Works, Inc – support computer lab for low income clients in Eau Claire
  - ✓ Forward Service Corp. – support technology access in computer/education labs
  - ✓ Fox Valley Technical College Foundation – support eLearning for seniors program
  - ✓ Gateway Technical College Foundation – support Resource Center/Spanish Center
  - ✓ Hmong Mutual Assistance Association of Sheboygan – support access and basic technology education to the Hmong community



- ✓ La Casa de Esperanza – support a Technology Lab for after school programs
  - ✓ Literacy Council of Brown County – support internet access upgrades
  - ✓ Local Initiatives Support Corporation of Wisconsin – support intermediate level technology training for staff to improve low income minority programming
  - ✓ Milwaukee Public Library Foundation – support implementation of Community Information Technology Training (Finney Library) for internet access
  - ✓ Options for Independent Living – support computer assessment and specialized equipment for individuals with disabilities in 17 Wisconsin counties
  - ✓ Racine Housing and Neighborhood Partnership – support technology enhancements
  - ✓ Social Development Commission – support Community Services Technology Initiative
  - ✓ Southeastern Wisconsin Area Agency on Agency – support technology upgrades
  - ✓ Southwestern Wisconsin Private Industry Council – support Technology Learning Center within the Rock County Job Center
  - ✓ Urban Economic Development Association of Wisconsin – support technology upgrades for 4 community agencies providing low income assistance to minorities
  - ✓ Greater Madison Urban League – support expansion of computer lab and IT training
  - ✓ Waukesha County Economic Development Corporation – support Build a Family Business project with technology access and education for low income residents
  - ✓ Western Dairyland Economic Opportunity Council – support computer, software and internet access training
  - ✓ Wisconsin Regional Training Partnership – support expansion of intermediate technology training programs for low income and minority residents
  - ✓ Wisconsin Women's Business Initiative Corporation – support technology access and training to emerging small business owners
  - ✓ Waukesha YWCA – support upgrades to the Community Computer Lab
  - ✓ Zink the Zebra Foundation – support completion of website enhancements
- **Contributions: \$328,931 was given to various community and charitable organizations by SBC Wisconsin in 2002. These community investments supported education, social development, health, anti-poverty, job training, the arts and other causes throughout the state. Several examples of the agencies that received contributions are listed below:**
    - 16<sup>th</sup> Street Community Center of Milwaukee
    - Channel 10/36 Friends of Public Television
    - Circus World Museum
    - Coalition of Wisconsin Aging Groups
    - Cooperative Education Service Agency (CESA) Foundation
    - De Pere Development Corporation
    - Friends of Madison Civic Center
    - Henry Vilas Park Zoological Society
    - Junior Achievement Wisconsin and Eau Claire
    - Kenosha Literary Council
    - Madison Repertory Theatre
    - Marquette University
    - Prevent Blindness Wisconsin
    - United Community Center
    - Wisconsin Economic Development Association
  - **SBC Wisconsin Pioneers: Employee and retiree volunteers provided 99,141 volunteer hours valued at \$1,639,784 using the national volunteer rate of \$16.54. Several examples of the volunteer initiatives are identified below:**
    - ✓ Operation Santa – provides children with disabilities with a “trip to the North Pole” at community airports
    - ✓ Holiday Dream Come True – provide gifts to over 2,000 Milwaukee and Waukesha county children

- ✓ **Book about Me – provided 5,800 personalized books for grade school children throughout Wisconsin where volunteers read to children during class time**
- ✓ **Oshkosh EAA – over 300 volunteers staffed the 2002 event**
- ✓ **Adopt-A-Soldier – 1,500 employees contributed 150 boxes of supplies for military personnel serving in the Middle East**

**Section E: Penalty/Incentive Summary Score Card:**

The 2002 Price Cap Index penalties and incentives have been summarized in **Attachment E**. The quality of service penalty included in the Score Card assumes that the Commission will grant the waiver requests for the speed of repair and installation interval components. If any part of the request is rejected, additional penalties may be assessed by the Commission. The Commission Discretion component is not known at the time of this filing.

## PRICE CAP COMPONENT SUMMARY

	Price Cap Index Penalty (-)	Price Cap Index Incentive (+)	Total Price Regulated Revenue = \$197 M Annual
Quality of Service (See Note 1)	-0.23%	Not Applicable	(451,308)
Infrastructure Investment	0.00%	+1.55%	\$3,060,053
Commission Discretion	TBD	TBD	TBD
<b>Total Penalty / Incentive Adjustments</b>	TBD	TBD	TBD

<b>Net Penalty / Incentive Adjustments</b>		<b>TBD</b>	TBD
<b>Annual Change in GDPPI '(Chain-Type Weighted Index)'</b>	Estimate ---->	<b>+1.53%</b>	\$3,020,568
<b>Productivity Factor Offset</b>		<b>-3.00%</b>	(5,922,682)
<b>Total Price Cap Index Adjustment</b>	Price Cap Index = TBD	<b>TBD</b>	<b><u>TBD</u></b>

**Note 1: Penalty based upon assumption that the Commission will grant the waiver request for Average Time Out of Service.**